

Message Text

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FM USMISSION OECD PARIS

TO SECSTATE WASH DC 1050

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 07418

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FOR THE SECRETARY FROM ROBINSON

E.O. L1652: GDS

TAGS: XA, E, AID

SUBJECT: MEETING WITH POLITICAL DIRECTOR DAVIGNON OF
THE BELGIAN FOREIGN MINISTRY TO DISCUSS AID TO ZAIRE

1. AFTER MY VISIT THIS MORNING, MARCH 11, WITH SAUVAGNARGUES, I HAD A CHAT WITH DAVIGNON ABOUT ZAIRE AND THE NEED FOR ECONOMIC AID. DAVIGNON STRESSED THAT THE BELGIANS AGREED WITH THE AMERICAN ASSESSMENT THAT AID TO ZAMBIA AND ZAIRE WAS CRITICAL, ESPECIALLY IN LIGHT OF THE ANGOLAN PROBLEM. HE SAID THAT ONE POSITIVE RESULT OF THE ANGOLAN CONFLICT WAS AN IMPROVEMENT IN BELGIAN-ZAIRE BILATERAL RELATIONS. DAVIGNON REQUESTED THIS MEETING WITH ME IN ORDER TO EXPRESS SOME VIEWS ABOUT HOW MUCH AID WOULD BE NEEDED BY ZAIRE AND HOW AID COULD BE COORDINATED AMONG THE VARIOUS POTENTIAL DONORS.

2. DAVIGNON STRESSED THE CENTRAL ROLE OF THE INTERNATIONAL MONETARY FUND AND ITS PROPOSED STABILIZATION PROGRAM WHICH HAS BEEN ACCEPTED BY ZAIRE AND WILL BE CONSIDERED NEXT WEEK BY THE EXECUTIVE DIRECTORS OF THE INTERNATIONAL MONETARY FUND.

3. DAVIGNON SAID THAT LAST YEAR THE BELGIANS BILATERALLY RESCHEDULED THREE HUNDRED MILLION DOLLARS (700
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MILLION BELGIAN FRANCS) IN COMMERCIAL DEBT FOR ZAIRE.

THEY ARE WILLING TO RESCHEDULE AGAIN THIS YEAR, BUT ARE WAITING UNTIL THE IMF OR THE IBRD CALLS A RESCHEDULING NEGOTIATION SO THAT THEY CAN RESCHEDULE BELGIAN DEBTS IN THE CONTEXT OF A MULTI-LATERAL NEGOTIATION. THE DEBT TO BE RESCHEDULED IN 1976, ACCORDING TO DAVIGNON, COULD BE RESCHEDULED FOR A LONGER PERIOD OF TIME THAN THOSE THAT WERE RESCHEDULED IN 1975.

4. DAVIGNON MADE A SPECIAL PLEA TO HOLD A DEBT RESCHEDULING CONFERENCE FOR ZAIRE AS EARLY THIS YEAR AS POSSIBLE. HE SAID THAT BELGIAN COMMITMENTS ON FINANCIAL AID COULD BE MOST EASILY MADE IF IT WERE CLEAR WHAT THE LIKELY MAGNITUDE OF RESCHEDULING FOR 1976 WOULD BE.

5. DAVIGNON SAID THAT BELGIAN ANALYSIS FOR THE POTENTIAL FOR IMF CREDITS IS AS HIGH AS 200 MILLION DOLLARS. ESTIMATES BY OTHERS OF ABOUT 140 MILLION DOLLARS HE FELT WERE TOO LOW.

6. DAVIGNON SAW SOME POTENTIAL FOR ADDITIONAL FUNDS FROM THE EUROPEAN DEVELOPMENT FUND. HE SAID THAT IF THE FRENCH AND THE GERMANS AND THE OTHERS WERE WILLING TO BEND THE RULES OF THE FUND, SOME ADDITIONAL MONIES MAY BE OBTAINED BY PRE-FINANCING OF COMMITTED PROJECT LOANS.

7. DAVIGNON TALKED ABOUT BELGIAN ATTEMPTS TO NEGOTIATE A BILATERAL INDUSTRIAL AGREEMENT BETWEEN ZAIRE AND BELGIUM BY THE END OF MARCH. THIS AGREEMENT WOULD HELP BELGIAN MANAGERS RETURN TO ZAIRE BY SETTING GUIDELINES FOR ZAIRE TAX TREATMENT, IMPORT LICENSES FOR BUSINESS ENTERPRISES AND OTHER MATTERS WHICH WOULD AFFECT THE INCENTIVES FOR PRIVATE MANAGERS AND ENTREPRENEURS TO RETURN TO ZAIRE TO HELP MANAGE THEIR DENATIONALIZED BUSINESS ASSETS. DAVIGNON WAS VAGUE, BUT HE SEEMED TO BE IMPLYING THAT IT MIGHT BE FEASIBLE TO NEGOTIATE A MULTI-NATIONAL AGREEMENT OF THE SAME KIND TO GOVERN THE RETURN OF OTHER NATIONALS TO HELP MANAGE THE ZAIRE ECONOMY.

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8. DAVIGNON STRESSED THAT MEETINGS OF THE IBRD CONSULTATIVE GROUP, IMF/IBRD DEBT RESCHEDULING NEGOTIATIONS, AND NEGOTIATION OF A MULTILATERAL INDUSTRIAL AGREEMENT SHOULD TAKE PLACE IN KINSHASA. DAVIGNON FELT THAT UNLESS THESE DISCUSSIONS TOOK PLACE IN ZAIRE, THE IMPACT ON ZAIRE POLICY WOULD BE MINIMAL.

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9. DAVIGNON THOUGHT THAT THE ESTIMATES OF COPPER PRODUCTION I HAD OBTAINED FROM ZAIRE WERE TOO HIGH. THESE ESTIMATES ARE EXCEEDINGLY IMPORTANT BECAUSE THE BULK OF ZAIRE REVENUES COME FROM COPPER EARNINGS.

10. DAVIGNON AGREED TO SEND NEXT WEEK A LETTER OUTLINING THE FOLLOWING:

-- BELGIAN ESTIMATES OF AID FOR ZAIRE THAT CAN BE OBTAINED FROM VARIOUS SOURCES;

-- BELGIAN IDEAS ON THE VARIOUS GROUPS THAT WOULD BE NEGOTIATING AID, DEBT RESCHEDULING AND INDUSTRIAL AGREEMENTS;

-- THE BASIS FOR BELGIAN PESSIMISM IN THEIR ESTIMATES OF COPPER PRODUCTION AND REVENUES.

11. COMMENT: DAVIGNON SEEMED SOMEWHAT MIFFED AT MY TRIP TO BONN AND PARIS WITHOUT A STOPOVER IN BRUSSELS TO CONSULT ABOUT ZAIRE. CLEARLY THE BELGIANS WANT TO PLAY A CENTRAL ROLE AND DAVIGNON IS AFRAID THAT THE UNITED STATES IS STEALING A MARCH ON THEM. ON THE MATTER OF THE COPPER ESTIMATES, I FEEL CERTAIN THAT MY FIGURES ARE MORE NEARLY CORRECT, ALTHOUGH THERE MAY BE SOME VALUE IN HAVING A CLOSE LOOK AT THE BELGIAN ESTIMATES.

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